UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR 9004-2(c)

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In Re: NACIREMA INDUSTRIES, INC. Debtor.	Chapter 11 Case No.: 11-12339(RG) Judge: Hon. Rosemary Gambardella

MOTION OF THE DEBTOR FOR THE ENTRY OF AN ORDER AUTHORIZING INTERIM AND FINAL USE OF CASH COLLATERAL

Nacirema Industries, Inc. (the "Debtor"), by and through the Debtor's proposed counsel, Norris McLaughlin & Marcus, P.A., hereby moves before this Court (the "Motion") for entry of an order authorizing the Debtors' interim and final use of cash collateral pursuant to sections 105, 363(c)(2)(B) and 363(e) of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code"), and Rule 4001(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and respectfully represent as follows:

INTRODUCTION AND JURISDICTION

1. On January 28, 2011 (the "Petition Date"), the Debtor filed a petition for relief under Chapter 11 of Bankruptcy Code. The Debtor continues to operate its business as a debtor-in-possession in accordance with Sections 1107(a) and 1108 of the Bankruptcy Code.

2. As set forth below, granting the Debtor the relief requested in the Motion is crucial to the Debtor's ability to operate its business and/or proceed to maximize asset values for the benefit of creditors during this Chapter 11 proceeding without interruption.

3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157(b). This is a "core" proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), and (M).

4. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1409 and 1409.

BACKGROUND

5. A thorough description of the Debtor's operations is set forth in the Affidavit of Anthony Novello in Support of First Day Motions (the "Novello Affidavit"), which is being filed contemporaneously with, and in support of, this Motion. The Novello Affidavit includes, among other things, and without limitation, descriptions of the Debtor's formation, pre-petition financing, the events precipitating this Chapter 11 filing, as well as the Debtor's objectives while in Chapter 11. The Novello Affidavit is incorporated herein by reference as if fully set forth herein.

6. The Debtor provides quality and cost effective waste and recycling services for industrial, residential, municipal and commercial consumers in Northern New Jersey and New York City. The Debtor's operations consist of residential and commercial garbage pick-up, renting of roll-off containers and mini containers for residential, municipal and commercial construction projects, including the pick-up and disposal of the debris that is accumulated in the containers.

7. The Debtor's corporate headquarters is located at 211-217 West 5th Street, Bayonne, New Jersey 07002. The Debtor's yard/shop is located at 810-850 Frelinghuysen Avenue, Newark, New Jersey. The Debtor leases both of these locations.

8. The Debtor's primary assets are as follows: (a) Accounts Receivable – approximately $3,800,000; and (b) machinery and equipment ("M&E") having a fair market value of approximately $6,000,000.

9. The Provident Bank ("Provident") is the Debtor's primary lender having a first priority security interest in substantially all of the Debtor's assets. As of January 26, 2011, the Debtor was indebted to Provident pursuant to various notes, (i) Revolving Loan - $3,789,539.53; (ii) Equipment Loans - $129,585.31; and (iii) Terms Loans - $1,526,722.36.

10. In addition, the Debtor is a party to various equipment finance agreements with an aggregate outstanding balance of approximately $2,182,000.

11. The Debtor's outstanding priority tax claims may approximate as much as $300,000, of which the Debtor disputes a significant portion relating to a sales tax audit for the years 2002 to 2005. In addition, Local 945 is asserting a claim of approximately $1.4MM against the Debtor for pension withdrawal liability, which the Debtor also disputes and asserts that the obligation should be no more than $150,000. The Debtor's other unsecured debts approximate $4,000,000, inclusive of approximately $1,300,000 owing to the shareholders.

12. The Debtor currently employs 66 full-time employees and 1 part-time employee. Its payroll approximates $440,000 per month. The Debtor is a party to four collective bargaining agreements which govern approximately 43 of its employees.

13. The Debtor proposes the use of the Provident's Cash Collateral during the pendency of this case in accordance with the Debtor's budget (the "Budget") attached hereto as Exhibit "A".

14. The Debtor does not intend to languish in Chapter 11. Prior to the Petition Date, the Debtor implemented many cost cutting measures; however, the result on cash flow lagged, created legacy liabilities, caused a liquidity crisis and caused covenant defaults. The Debtor believes that the reprieve presented by the filing of the Chapter 11 case will stabilize cash flow, allow for the continued implementation of cost cutting measures, allow for the continued disposition of excess machinery and equipment, and, most importantly, afford it an opportunity to negotiate a consensual resolution with its creditor constituencies.

15. The Debtor intends to quickly file a plan of reorganization that will allow for the maximizing of asset values for the benefit of all creditors.

16. The Debtor requires the continued use of Cash Collateral in order to continue its efforts to stabilize and proceed accordingly.

RELIEF REQUESTED AND REASONS THEREFORE

17. By this Motion, the Debtor seeks authority to use cash collateral pursuant to sections 105, 363(c)(2)(B) and 363(e) of the Bankruptcy Code.

18. As set forth in the Novello Affidavit, Provident has an alleged perfected security interest in the Debtors' assets, including its cash, cash equivalents and accounts receivable (collectively, the "Cash Collateral")

19. The Debtor should be authorized to use the Cash Collateral in the ordinary course of its business and in accordance with the Budget annexed hereto as Exhibit "A". As articulated in more detail in the Novello Affidavit, Provident is adequately protected by a monthly interest payment, the fact its collateral will not be diminishing in value, the anticipated positive cash flow in the near term, and a significant equity cushion.

20. For the Debtor to have an opportunity to reorganize for the benefit of all creditors, the Debtor must be authorized to use the Cash Collateral.

LEGAL AUTHORITY

21. Pursuant to section 363(a) of the Bankruptcy Code, cash collateral is defined as "cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents . . . " and the proceeds thereof. Pursuant to section 363(c)(2) of the Bankruptcy Code and Bankruptcy Rule 4001 (b), a debtor may not use cash collateral unless the entity that has an interest in such cash collateral consents, or until this Court authorizes the use of cash

collateral after notice and a hearing, upon a finding that the interest of the secured party is adequately protected.

22. Section 363(c)(2) of the Bankruptcy Code permits this Court to allow a debtor to use cash collateral so long as the debtor provides its secured creditors with adequate protection. "Adequate Protection" is not defined in the Bankruptcy Code, although section 361 of the Bankruptcy Code sets forth three non-exclusive methods of how an interest in property may be adequately protected.

23. "Adequate Protection" is aptly described as "a balancing of the debtor's and a creditor's respective harm." *In re Carson,* 34 B.R. 502, 505 (Bankr. D. Kan. 1983) (citation omitted). The legislative history to section 361 of the Bankruptcy Code reflects Congressional intent to give the Court flexibility to fashion adequate protection in light of the facts of each case and general equitable principles. *In re 5-Leaf Cover Corp.,* 6 B.R. 463, 466 (Bankr. S.D.W.Va. 1980).

24. The "interest" of a secured creditor which is entitled to be protected is the value of the secured creditor's allowed secured claim; that is, the amount of the secured creditor's claim up to the value of the collateral upon which the secured creditor has a lien as of the relevant valuation date. *In re Shriver,* 33 B.R. 176, 181 (Bankr. N.D. Ohio 1983); *In re South Village, Inc.,* 25 B.R. 987, 994 (Bankr. D. Utah 1982). The alleged secured creditor is only entitled to assurance that the value of its lien will not decrease as a result of the automatic stay and, if it does, that it will receive something as compensation for the decrease. *In re Ramco Well Service, Inc.,* 32 B.R. 525, 531 (Bankr. W.D. Okla. 1983). Thus, where the value of the collateral is not declining, a debtor need not do anything for the secured creditor as it is adequately protected. *Id;* accord, *In re Price,* 40 B.R. 578, 580 (Bankr. N.D. Tex. 1984).

25. In this case, the Debtor will be able to make a monthly adequate protection payment to Provident and Provident's collateral will not diminish in the near term. In addition, Provident's interest is protected by a significant equity cushion.

26. The Debtor hereby seeks interim and final use of cash collateral to preserve its assets so as to maintain and maximize their value for the benefit of all parties-in-interest.

27. A denial of the use of Cash Collateral to fund the Debtor's day-to-day operations and restructuring costs will severely harm the Debtor at a critical time since the Debtor is without sufficient unencumbered funds to meet its ongoing operating expenses and restructuring costs.

NOTICE

28. Notice of this Motion and the proposed form of order has been provided to: (i) the Office of the United States Trustee; (ii) the Debtor's prepetition lenders; and (iii) each of the Debtor's twenty (20) largest unsecured creditors. In light of the nature of the relief requested herein, the Debtor submits that no other or further notice is necessary.

29. The Debtor respectfully seeks a two-part hearing process. First, pursuant to Bankruptcy Rule 4001(b)(2), the Debtor seeks a preliminary hearing on the use of Cash Collateral in accordance with the Budget on less than fifteen (15) days' notice.

30. Second, the Debtor seeks a final hearing on at least fifteen (15) days' notice. At a minimum, the Debtor proposes to give notice pursuant to Bankruptcy Rule 4001(b)(1) and (3) to the Office of the United States Trustee, all secured creditors, the twenty (20) largest unsecured creditors, any other parties claiming an interest in the cash collateral, and any other party who has requested notice.

NO PRIOR REQUEST

31. No previous motion for the relief sought herein has been made to this or to any other court.

WAIVER OF BRIEF

32. As no novel issue of law is raised and the relevant authorities relied upon by the Debtor are set forth herein, the Debtor respectfully requests that the requirement of D.N.J. LBR 9013-2 of filing a brief be waived.

WHEREFORE, the Debtor respectfully requests that this Court preliminarily and finally approve the Debtor's use of Cash Collateral, pursuant to the Budget, and in the ordinary course of business, and grant such other and further relief as this Court deems just and equitable

DATED: January 28, 2011

Respectfully submitted,

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EXHIBIT A

Nacirema Industries, Inc
Projected Weekly Cash Requirements
For The 13 Weeks Ended April 30, 2011

	Week Ended 2-5-11	Week Ended 2-12-11	Week Ended 2-19-11	Week Ended 2-26-11	Week Ended 3-5-11	Week Ended 3-12-11	Week Ended 3-19-11	Week Ended 3-26-11	Week Ended 4-2-11	Week Ended 4-9-11	Week Ended 4-16-11	Week Ended 4-23-11	Week Ended 4-30-11	Totals 13 Weeks
Disposal	$100,000	$100,000	$ 100,000	$ 100,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$1,200,000
Direct Labor	$ 27,951	$ 27,951	$ 27,951	$ 27,951	$ 17,197	$ 17,197	$ 17,197	$ 17,197	$ 18,000	$ 23,750	$ 23,750	$ 23,750	$ 23,750	$ 293,593
Snow Removal Labor	$ -	$ 12,500	$ 12,500	$ -	$ -	$ 10,000	$ 10,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 45,000
Shop Labor	$ 5,110	$ 5,110	$ 5,110	$ 5,110	$ 5,110	$ 5,110	$ 5,110	$ 5,110	$ 5,407	$ 5,407	$ 5,407	$ 5,407	$ 5,407	$ 67,915
Salaries-Office & Management	$ 22,507	$ 22,507	$ 22,507	$ 22,507	$ 22,507	$ 22,507	$ 22,507	$ 22,507	$ 22,507	$ 22,507	$ 22,507	$ 22,507	$ 22,507	$ 292,591
Payroll Tax Expense	$ 6,317	$ 6,317	$ 6,317	$ 6,317	$ 5,134	$ 5,134	$ 5,134	$ 5,134	$ 5,904	$ 5,904	$ 5,904	$ 5,904	$ 5,904	$ 75,321
Union Dues														$ -
NJ Local 945	$ -	$ -	$ -	$ 11,550	$ -	$ -	$ -	$ 13,650	$ -	$ -	$ -	$ 16,800	$ -	$ 42,000
NY Local 282	$ -	$ -	$ -	$ -	$ 29,160	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 29,160
NY Local 813	$ -	$ -	$ -	$ -	$ 5,850	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,850
Shop Local 890	$ -	$ -	$ -	$ 2,975	$ -	$ -	$ -	$ 2,975	$ -	$ -	$ -	$ 2,975	$ -	$ 8,925
Horizon Blue Cross	$ 10,000	$ -	$ -	$ -	$ 10,000	$ -	$ -	$ -	$ 10,000	$ -	$ -	$ -	$ -	$ 30,000
Supplies	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 6,500
Uniforms	$ 750	$ -	$ -	$ -	$ 750	$ -	$ -	$ -	$ 750	$ -	$ -	$ -	$ -	$ 2,250
Tolls	$ 6,250	$ 6,250	$ 6,250	$ 6,250	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 3,750	$ 55,750
Towing	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 3,250
Fuel Costs	$ 13,000	$ 13,000	$ 13,000	$ 13,000	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 150,500
Vehicle Maintenance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,750	$ 7,750	$ 7,750	$ 7,750	$ 7,750	$ 106,750
Insurance	$ -	$ 75,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 35,000	$ 110,000
Licenses & Permits	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 1,300
Communications	$ 2,000	$ -	$ -	$ -	$ 2,000	$ -	$ -	$ -	$ 2,000	$ -	$ -	$ -	$ -	$ 6,000
Road Taxes	$ 3,400	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,700	$ 5,100
Bank Charges	$ 1,000	$ -	$ -	$ -	$ 500	$ -	$ -	$ -	$ 500	$ -	$ -	$ -	$ -	$ 2,000
Credit Card Charges	$ 4,500	$ -	$ -	$ -	$ 3,500	$ -	$ -	$ -	$ 4,500	$ -	$ -	$ -	$ -	$ 12,500
Advertising and Promotion	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 7,800
Office Expense	$ 845	$ 1,000	$ 1,000	$ 1,000	$ 845	$ 1,000	$ 1,000	$ 1,000	$ 845	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 12,535
Postage	$ 500	$ 200	$ -	$ 910	$ 500	$ 200	$ -	$ 910	$ 500	$ 200	$ -	$ 910	$ -	$ 4,830
Employee Auto & Travel	$ 600	$ 1,200	$ 1,100	$ 1,600	$ 600	$ 1,200	$ 1,100	$ 1,600	$ 600	$ 1,200	$ 1,100	$ 1,600	$ 600	$ 14,100
Legal Fees	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 55,000
Professional Fees	$ -	$ 1,000	$ -	$ -	$ -	$ 1,000	$ -	$ -	$ -	$ 1,000	$ -	$ -	$ -	$ 3,000
Telephone & Communication	$ 2,900	$ 2,600	$ 2,225	$ -	$ 2,900	$ 2,600	$ 2,225	$ -	$ 2,900	$ 2,600	$ 2,225	$ -	$ -	$ 23,175
Utilities	$ 5,000	$ -	$ -	$ -	$ 5,000	$ -	$ -	$ -	$ 5,000	$ -	$ -	$ -	$ 5,000	$ 20,000
Dues & Subscriptions	$ -	$ 500	$ -	$ 500	$ -	$ 500	$ -	$ 500	$ -	$ 500	$ -	$ 500	$ -	$ 3,000
Data Processing	$ 1,899	$ -	$ -	$ -	$ 1,899	$ -	$ -	$ -	$ 1,899	$ -	$ -	$ -		$ 5,697
Building Repairs and Maintenance	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 3,250
Rent	$ 31,000	$ 9,100	$ -	$ -	$ 31,000	$ 9,100	$ -	$ -	$ 31,000	$ 9,100	$ -	$ -	$ -	$ 120,300
Officers Life Insurance	$ -	$ -	$ -	$ 2,730	$ -	$ -	$ -	$ 2,730	$ -	$ -	$ -	$ 2,730	$ -	$ 8,190
Filing Fees & Assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Collection Expense	$ 300	$ 300	$ -	$ 300	$ 300	$ 300	$ -	$ 300	$ 300	$ 300	$ -	$ 300	$ -	$ 2,700
Damage Claims	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 6,500
Other Taxes	$ 4,333	$ -	$ 4,500	$ -	$ -	$ -	$ 12,000	$ -	$ -	$ -	$ -	$ 4,500	$ 5,000	$ 30,333
Interest Expense														$ -
Provident-LOC	$ 17,948	$ -	$ -	$ -	$ 17,687	$ -	$ -	$ -	$ 9,109	$ -	$ -	$ -	$ -	$ 44,744
Provident- Term	$ 7,477	$ -	$ -	$ -	$ 7,477	$ -	$ -	$ -	$ 7,477	$ -	$ -	$ -	$ -	$ 22,431
Other Secured Lenders	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 1,875	$ 1,875	$ 1,875	$ 1,875	$ 1,875	$ 1,875	$ 1,875	$ 1,875	$ 1,875	$ 28,875
														$ -
Totals	$295,787	$304,735	$ 222,660	$ 222,900	$ 272,991	$ 178,923	$ 179,348	$ 176,888	$ 260,273	$ 204,543	$ 192,968	$ 219,958	$ 236,943	$2,968,715
Collections	$300,000	$300,000	$ 225,000	$ 225,000	$ 275,000	$ 180,000	$ 180,000	$ 200,000	$ 250,000	$ 215,000	$ 200,000	$ 220,000	$ 250,000	
Net Cash Flow	$ 4,213	$ (4,735)	$ 2,340	$ 2,100	$ 2,009	$ 1,077	$ 652	$ 23,312	$ (10,273)	$ 10,457	$ 7,032	$ 42	$ 13,057	
Running Cash Balance *Assuming ZERO at Start	$ 4,213	$ (522)	$ 1,818	$ 3,918	$ 5,927	$ 7,005	$ 7,657	$ 30,969	$ 20,696	$ 31,154	$ 38,186	$ 38,228	$ 51,285	